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SIPDIS

SENSITIVE

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SUBJECT: GHANA AND AGOA: RECENT SUCCESSES WITH A DIVERSE APPROACH, BUT EXPORTERS STILL FACE HUGE CHALLENGES

Summary

¶11. (SBU) In 2004, Ghana increased its exports to the U.S. under the African Growth and Opportunity Act (AGOA) by over 85%, to over \$74 million dollars -- accounting for over 50% of Ghana's total exports to the U.S. In 2005, USAID's West Africa Regional Program's Accra-based West Africa Trade Hub (WATH) has helped Ghanaian firms land contracts with major U.S. retailers, including Wal-Mart. Ghana's AGOA exports are diverse, with apparel contributing just 10% of the total. AGOA's share of Ghana's total exports is under 3%, and potential exporters face erratic supplies, lack of access to capital, high transport costs, tight delivery schedules, and corrupt and congested ports. Although Europe will remain Ghana's dominant trading partner for the foreseeable future, Ghanaian exporters are finally beginning to take advantage of preferential market access under AGOA. End Summary.

West Africa Trade Hub (WATH) Successes

¶12. (U) The Accra-based Trade Hub, under the USAID-West Africa Regional Program, covers 20 countries. WATH helps West Africa take advantage of global trade opportunities, including working to build the capacity of export-ready companies to develop their products and market them to potential U.S. buyers. WATH targets many sectors, but is clients in the apparel sector have increased sales from \$700,000 in 2004 to potentially more than \$4 million in 2005-2006.

Notable Successes

¶13. (U) WATH client Belin Textiles (BTI) is run by Mauritian Berty Fong, and partially financed through the GoG's Presidential Special Initiative (PSI). WATH provided support and booth space at the ASAP Global Sourcing Show in Las Vegas in February. At the show Fong struck a deal with one of Wal-Mart's major apparel vendors (Whitewater) that led to a contract for \$2 million worth of apparel. Whitewater also connected BTI with a supplier whose quality standards already meet Wal-Mart's. According to Fong, the entire system can be easily expanded to other factories supported by PSI as orders increase.

¶14. (U) WATH sponsored Ghana's CAN & KAA fish smoking company to attend the International Boston Seafood Show in March. When the owner was unable to attend, WATH still marketed his products with brochures and photos, generating a \$10,000 test order. If the test order goes well CAN & KAA could land an order for monthly shipments. CAN & KAA has been in business for over 20 years, selling locally and exporting to Europe and has the excess production capacity required by the US customer.

Trade Numbers Small But Growing

¶15. (U) As a percentage of total exports (\$2.6 billion in 2004), Ghana's AGOA exports are still tiny at 3%. However, the diversity of products that Ghana exports under AGOA makes them less vulnerable to changes in world markets than other African countries' apparel-heavy AGOA trade. The largest contributors are energy related products, primarily petroleum by-products from the Tema Oil Refinery (TOR), which accounted for over 50% of 2004 AGOA exports. Textiles, forest products, and agricultural products all make fairly equal contributions of between \$5-7 million each. All sectors increased in 2004 except forest products. (NOTE: non-AGOA eligible forest product exports are up 30% YTD in 2005 over ¶2004. END NOTE.)

New Textile Opportunities Come Too Late For Local Suppliers

¶16. (SBU) During the June 22 Trade and Investment Framework Agreement meeting hosted by USTR in Washington, Commerce officials said the USG would consider including some "batik" print machine-made textiles unique to Ghana under AGOA's Title 9 provisions for traditional crafts. Ghana's larger

